



Retirement Planning: 2 Top TSX Stocks to Buy Right Now for Your RRSP

Description

Canadian savers are now searching for top TSX stocks to add to their RRSP portfolios.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) might not be the most exciting business to hold in your RRSP, but the company's dividend growth and total return for investors over the years make it a rock star.

Fortis owns \$56 billion of utility assets across Canada, the United States, and the Caribbean. The company has grown through a combination of strategic acquisitions and internal development projects. Fortis is currently working on a \$19.6 billion capital program that will run from 2020 to 2025 and boost the rate base by about a third.

Additional projects are under consideration and could become part the current development portfolio. The board is planning to raise the dividend by an average annual rate of 6% through 2025. Investors should feel comfortable with the guidance. Fortis just increased the distribution for the 48th straight year.

The last major acquisition occurred in 2016 when Fortis purchased ITC Holdings for US\$11.3 billion. Integration of the electric transmission firms went as planned, and it wouldn't be a surprise to see Fortis do another deal in the near term. The company recently added an investment banker who has worked with Fortis on previous deals to the senior ranks.

The stock is off the 2021 highs, giving investors a chance to buy Fortis on a dip. At the time of writing, the shares provide a 3.9% dividend yield.

A \$10,000 investment in Fortis 20 years ago would be worth about \$105,000 today with the dividends reinvested.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) is a major player in the Canadian communications industry with a current [market capitalization](#) of \$35 billion. The business provides mobile, internet, and TV services to customers across its world-class wireless and wireline networks.

Broadband demand is increasing, as people communicate and access content across multiple platforms. Telus knows it has to keep up and is making the necessary investments to protect its competitive advantages. The company spent \$1.9 billion on new spectrum to support the expansion of its [5G network](#), and Telus continues to install fibre optic lines to replace legacy copper ones.

Telus also has a knack for taking advantage of opportunities to leverage its assets in other sectors. Telus Health is a leading provider of digital health solutions to health professionals, insurance companies, and hospitals. Revenue soared in the past 18 months, and the trend toward virtual care looks set to continue.

Telus Agriculture is another group to watch. The division helps farmers use digital technology to drive efficiency into their businesses from the fields right along the supply chain to the retail locations.

The subsidiaries could eventually be spun off as IPOs to maximize value for shareholders. The IPO of Telus International earlier this year was a success.

Telus expects its capital expenditures to peak next year or in 2023. This should free up more cash for distributions. The company generates strong cash flow to support the payouts and dividend growth should trend along 8-10% per year.

Investors who buy the stock at the current share price can pick up a 4.5% dividend yield.

A \$10,000 investment in Telus 20 years ago would be worth about \$115,000 today with the dividends reinvested.

The bottom line on top RRSP stocks

Fortis and Telus are top TSX stocks that should continue to deliver solid total returns for buy-and-hold RRSP investors. If you have some cash to put to work, these stocks deserve to be on your buy list.

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